



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
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DEPARTMENT OF EDUCATION
JUDY A. JEFFREY, DIRECTOR

DATE: April 10, 2009

TO: School Superintendent
School Food Authority
School Food Service Director
School Business Manager

FROM: Julia Thorius, Bureau Chief
Patti Harding, Administrative Consultant School Programs
Bureau of Nutrition, Health and Transportation Services

SUBJECT: **FOOD SERVICE EQUIPMENT ASSISTANCE GRANTS**
Request for Applications
American Recovery and Reinvestment Act of 2009 (ARRA)

PLEASE ROUTE – ACTION NEEDED BY MAY 4, 2009

Public Law 111-5, the ARRA of 2009, provides a one-time appropriation of \$100,000,000 for equipment assistance to school food authorities (SFAs) participating in the National School Lunch Program (NSLP). The Iowa share of this fund is \$823,633. The law requires that local SFAs *apply competitively* for NSLP equipment assistance grants. As stipulated in the ARRA, grants are to be based on the need for equipment assistance in participating schools with *priority* given to SFAs for equipment for schools in which *at least 50 percent of the students are eligible for free or reduced-priced meals* (based on October 2008 reported unduplicated count). However, each SFA participating in the NSLP is eligible to submit an application to receive a NSLP equipment assistance grant.

Equipment Definition:

Equipment requests may include new equipment, renovation of equipment, or replacement of equipment. USDA regulations at 7 CFR 3016.3 and Office of Management and Budget Circular A-87 define equipment for the purpose of the NSLP equipment assistance grants as articles of nonexpendable, tangible personal property with a useful life of more than one year and a per unit acquisition cost of \$5,000 (or such lesser amount as the SFA uses when reporting equipment as assets in its financial statements). As with all Federal grant funds, equipment procured using NSLP equipment assistance grant funds must be reasonable and allocable in order to be requested. Generally, then, using NSLP equipment assistance grant funds to purchase a walk in freezer for school food service use would be an allowable cost; whereas renovation of the food service area would fall under the category of construction costs which must be borne by the school district's general fund.

Eligibility Requirements:

- Participate in the National School Lunch Program.
- Only one application packet per SFA will be accepted. If equipment is being requested at multiple schools or if one school is requesting multiple pieces of equipment, the SFA must complete the SFA Application and a School Application for each school and piece of equipment.
- SFAs requesting equipment for a Central Kitchen or Production Kitchen must complete the SFA Application and the Central Kitchen or Production Kitchen Application for each piece of equipment the SFA is requesting.
- Generally speaking, the minimum amount of the grant must be \$5,000 (or such lesser amount as the SFA uses when reporting equipment as assets in its financial statements.) If your SFAs equipment capitalization threshold is under \$5,000, the SFA must provide a copy of its capitalization policy.
- Equipment purchase requests must fall into at least one of the state allowable focus areas.
- **Obligations made *prior* to grant award will not be considered for award/payment.**
- If replacing equipment, the SFA must describe the condition of the equipment and what will be done with existing equipment.
- SFAs should be prepared to complete their procurement and **fully expend** their grant funds **within 3 months** of notification of grant award.
- SFAs will be required to follow **all** Federal, State and Local procurement laws when purchasing equipment under these grants.
- Complete application must be **postmarked by May 4, 2009.**

Equipment Purchases Must Fall Into At Least One of the Focus Areas Listed Below:

- 1) Equipment that lends itself to improving the quality of school food service meals that meet the dietary guidelines (e.g. alternative to deep fat fryer, additional refrigeration for storage/service of more fresh fruits or vegetables)
- 2) Equipment that improves the safety of food served in the school meal program (e.g. cold/hot holding equipment, dish washing equipment, refrigeration, milk coolers, freezers, blast chillers)
- 3) Equipment that improves the overall energy efficiency of the school food service operations (e.g. purchase of an energy-efficient walk-in freezer replacing an outdated, energy-demanding freezer)
- 4) Equipment that allows SFAs to support expanded participation in a school meal program (e.g. equipment for serving meals in a non-traditional setting or to better utilize cafeteria space)

Reporting Requirements:

ARRA also contains various reporting requirements, some of which are *yet to be determined* by USDA. *As a minimum*, based on what the State Agency (SA) knows at this point the following will be required:

- Expenditures made with ARRA funds must be distinguishable from all other funds. Accounting codes and additional guidance will be provided to SFAs awarded grants.
- Records documenting expenditures consistent with the approved grant award must be on file for review per USDA requirements.

- A list of projects and activities undertaken (wholly or partially) with ARRA funds, including the project/activity name, location, description, and an evaluation of completion status at yet to be determined points in time.
- Estimate of the number of jobs created and/or retained by the projects/activities that would not have been created and/or retained in the absence of ARRA funds.

Timeline:

| | |
|--------------------|---|
| April 10, 2009 | Request for School Food Service Equipment Assistance Grant Applications Released |
| May 4, 2009 | Completed application must be postmarked by May 4, 2009 |
| June 1, 2009 | Grant Awards will be announced by June 1, 2009 |
| September 1, 2009 | Report of grant funds obligated to date and project status report due to the DE |
| September 21, 2009 | Final required documentation related to Grant submitted to DE or approved request for extension on file with DE |

Distribution of Funds

Grant awards will be for a dollar amount not to exceed that specified in the Grant Award document. **Actual funds will be distributed through a reimbursement process, with final grant payments determined by submission of actual invoices for equipment and applicable related costs.** (If reimbursement for expenses will create a hardship, attach a letter of explanation and request an exception.) The related costs may include those that are reasonably required to procure new equipment and place it in service (including delivery, installation, testing, disposition of old equipment, etc.) Funds may not be used for administrative costs associated with the grant application process or for administrative costs related to the procurement and installation processes.

***Please note:** Old equipment must be disposed of in accordance with applicable Federal regulations. See 7 CFR sections 3016.32(e) and 3019.34(g) for information on equipment disposal.*

ARRA equipment assistance grant funds may not be used for kitchen renovations. In addition to documentation of the equipment expenditure, **all required reports or other information required related to ARRA must be submitted to the SA prior to final release of the grant funds to the SFA.**

Grants should be fully expended within three months of the award. SFAs will be financially responsible for any expenditure in excess of that specified in the Grant Award. Funds not fully expended and/or obligated by September 21st, are subject to withdrawal by the State Agency. States do not have the authority to retain unobligated ARRA funds beyond the end of the federal fiscal year (FFY), September 30, 2009. Although the funds are two-year funds, any funds not obligated by the States at the end of FFY 2009 will be recovered and reallocated at the discretion of USDA.

FOOD SERVICE EQUIPMENT ASSISTANCE GRANTS

Evaluation Criteria

| Points | Category Description |
|---------|---|
| 45 | Equipment improves at least one of the stated four focus area(s): <ul style="list-style-type: none"> • How will it impact and improve the focus area(s) • Why it is needed, justification if replacing equipment • Reasonable and appropriate for intended use and district/school size |
| 10 | Financial Factors <ul style="list-style-type: none"> • School Food Service Fund financial balance • Contribution towards purchase from other local sources |
| 10 | Equipment Specification and Estimated Expenses Section <ul style="list-style-type: none"> • Equipment specifications appears complete and appropriate • Cost estimates included, appear reasonable with rationale for how determined |
| 10 | Impact <ul style="list-style-type: none"> • Frequency equipment will be used • Number of students that will be impacted |
| 15 | Free and Reduced Price Meals <ul style="list-style-type: none"> • Percent students eligible for free or reduced-price meals |
| 10 | Complete application <ul style="list-style-type: none"> • required information is provided and organized as requested • certification statements/original signatures • equipment specification documents • capitalization policy attached if applicable |
| 100 pts | Total |

The grants review panel will provide recommendations for funding to the Department of Education administration based on the scoring criteria above. The final award decisions will consider the panel recommendations and may consider additional factors such as economic impact of the awards, geographic distribution, students that would benefit, changes in financial need since June 30, 2008, financial support from the local school districts for part of the cost associated with the equipment and/or installation costs, confidence in a prospective grantee's ability to satisfactorily perform grant requirements based on past performance (timeliness with other requirements, attention to details, coordinated review results, etc.) *The State Agency reserves the right to not fund an application, fund applications out of ranked order or at a lesser dollar amount if it is judged that the application can be implemented with fewer Federal dollars, fund components of or only specific items in an application, or to only fund part of the application(s) if Federal funding is not sufficient to fully fund all applications that merit awards.*

Resource

The National Food Service Management Institute (NFSMI) has recently developed a resource for districts entitled “Equipment Purchasing and Facility Design for School Nutrition Programs,” which includes information on decision making for purchase of school food service equipment. This resource is available on NFSMI’s web site at <http://nfsmi.org/documentLibraryFiles/PDF/20090312115009.pdf>

Request for Applications - Application Form - Questions and Answers

A copy of this memo as well as the official SFA Application, School Application, and Central Kitchen or Production Kitchen Application is posted on the Department of Education web site at DE>Nutrition Programs>Awards and Grants>ARRA Equipment Assistance Grants or search for Nutrition Equipment.

Remember: Only one SFA Application (pages 1-2) will be accepted.

If equipment is being requested at multiple schools, the SFA must complete the School Application (pages 3-4) for each school and each piece of equipment along with the SFA Application (pages 1-2).

If equipment is being requested for a Central Kitchen or Production Kitchen, the SFA must complete the Central Kitchen or Production Kitchen Application (pages 5-6) for each piece of equipment being requested along with the SFA Application (pages 1-2).

Please **staple equipment specifications** followed by the responses to questions 7 and 8 to the applicable school or central kitchen/production kitchen application document. Paperclip the SFA Application (pages 1-2) followed by the school or central kitchen or production kitchen application(s) documents together. **Only one application packet** per school district or SFA should be submitted.

An initial set of Questions and Answers is posted on the Department of Education website. As additional questions come into the SA this document will be updated. ***It is your responsibility to review this document and check periodically, as well as prior to final submission of a grant application; for further clarification regarding the grant requirements, allowable use of funds, etc.***

Contact Information

If your question is not answered by reviewing this memo, the application materials and the posted Q&As (be sure you have checked for any updates before contacting the SA) requests for clarification may be directed to:

Patti Harding, Administrative Consultant, patti.harding@iowa.gov, please put ARRA Equipment Assistance Grant in the subject line.

To facilitate the Bureau in posting additional Q&As, questions should be sent via email. For other questions, the general Bureau office number is 515-281-5356.

Enclosed: 2009 Food Service Equipment Assistance Grant Application